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A thumbnail history of broadband in Vermont

Before the State jumped into the broadband arena, there was rudimentary internet from Adelphia and smaller cablecos and early DSL from Verizon, smaller telcos, and companies like Sovernet, ValleyNet, and PowerShift. This was confined to denser village centers. The rest of Vermont was relegated to dialup.

Enter the WISPs. When the big companies refused to expand, local folks took matters into their own hands, forming community-based wireless internet service providers to serve those left behind. Though they amassed loyal, grateful subscribers, they mostly crowd-funded, and they mostly remained quite modest in size.

Governor Douglas and Tom Evslin believed they had the solution back when they got the VTA off the ground. I endorsed the VTA solution and testified on its behalf here and in Washington. I think the VTA got a lot of things right, a couple of things spectacularly wrong, and was hampered by its varied missions and political requirements.

During the ARRA stimulus, the Congressional delegation got fooled by an ambitious LTE fixed wireless proposal we all now know disappointed mightily. As a WISP, I spoke out early against this solution. To me and the other Vermont WISPs, it was a wolf in sheep's clothing—a fixed wireless proposal looking to establish a mobile wireless service.

Governor Shumlin (and members of the Legislature) lost faith in the VTA, and he cast his hopes with the USDA-funded wireless solution. He pulled a Kissinger and declared victory in the face of defeat.

Under Governor Scott, the Connectivity Division of the Department of Public Service has done what it could, limited by severely constrained human and capital resources. Yes, there are the structural issues of

regulators supporting entrepreneurial things, but I do praise the Department for its multiple positive contributions.

Act 79 was a great achievement of the Legislature, and now, it is time to take a further step.

Why we still don't have universal broadband

It is easy to blame the private providers—after all, we all had our chances, didn't we?

It's really all about the money.

It's easy to say that private providers failed. I think that conclusion can fairly be applied to the national companies, but the same thing should not be applied to the smaller entities. It especially cannot be applied to the small ISPs.

National cablecos and the Ma Bell telco have always been captive to the high return on investment requirements of their owners. Is that a good thing for society? In many respects, no, it is not.

Small providers, be they independent telcos, cablecos, and ISPs simply have lacked sufficient capital to move faster than they have. So should we share in the blame? I say, no, we should not.

Enter the CUDs. Municipal broadband has had a checkered history throughout the country. There have been some ignominious failures and some great successes.

ECFiber, even with its extraordinarily fortunate relationship with non-profit ValleyNet, did not fare particularly well in its early years. The VTA would not fund it, because it considered ECF's business model really shaky. ECFiber crowd-funded promissory notes and, in particular, a few wealthy individuals in the district got it off the ground. Yet, it struggled to find its footing for a long time.

ECFiber's slow start cannot all be attributed to the municipal bond market collapse in the recession. Since transitioning from its initial, multi-town, interlocal agreement to becoming a municipality, though, ECF got it together and is a thrilling, glorious success.

The role for privates

The tide of Vermont broadband policy has swung mightily in favor of this model. I really love the idea of CUDs. That is why I have devoted the last three years to active participation in CVFiber. It appeals to my progressive sensibilities.

Will the ECFiber model be replicated throughout Vermont? Yesterday's testimony suggests varied CUD strategies. None have the inherent advantages that ECFiber had years ago. Not all will go well, and we no longer have the luxury of a longer time horizon.

The national providers soiled the bath, and now I fear that the political CUD tide is going to toss the independent, community-based providers out with the bathwater.

This would be a huge mistake. If all the funding and gate-keeping is concentrated with the CUDs, there may be less attractive arrangements for those of us with a lot of expertise, experience, and desire to serve. The local, community-based, small providers may be forced to choose between poor business deals with CUDs and marginalization. And placing the State's faith in any one solution is unwise. Diversification always ameliorates risk.

Remember, the principle problem has been lack of capital. Just like the privates, the CUDs have insufficient capital. Now that federal dollars are finally about to flow for broadband expansion, both municipalities and private providers have the opportunity to explode with good results.

It is time for real partnerships—not just subsidiary owner-vendor relationships such as operator agreements. A real partnership, is when two or more parties pull in the same direction, pool resources, plan together, and execute the plan.

Kingdom Fiber

Kingdom Fiber seeks such partnerships. We are working especially closely with NEK Broadband. We expect to partner with them on the Concord project you heard about yesterday.

We were the initiator of the idea that has resulted in Washington Electric Cooperative's planned construction of fiber on all its distribution poles. This is an enormous opportunity for WEC members and the providers that will serve them.

In partnership with ECFiber/ValleyNet, we hope to further partner with CVFiber and serve a good portion of its territory, as well.

We also expect to serve some areas currently unrepresented by CUDs.

Kingdom Fiber took enormous financial risk to compete with the big companies in the FCC's RDOF auction. This resulted in winning support second only to Consolidated Communications in Vermont. We won a considerable sum to be paid in small, monthly increments over ten years. However, this sum only covers about 25% of the true cost to build out that extremely challenging, rural territory. We are counting on finding grants and loans to augment this support to make our project a success.

Recommendation

I urge you to merge the best elements of S.118 with H.360. Nearly every improvement to the bills that I would suggest has been already mentioned by one or another witness. With more time, I would detail my suggestions to perhaps lend weight to others' arguments. Instead, I chose today to emphasize the unintended consequences of tossing that bathwater, before the community-based providers are given the opportunity to climb out of the basin.

The bill that emerges from this committee should insert incentives for, and eligibility of, private providers to access the coming beneficial grant, loan, and property tax provisions commensurate with those of the CUDs but not dependent on the CUD's endorsements. Because the national corporations already have the capital it would take, I recommend that these incentives should be limited to small, community-based providers. Small business definitions with limits on revenue and/or employees such as those from USDA, SBA, or other agencies could be utilized.